

# CORRAL PETROLEUM HOLDINGS AB (publ)

## REPORT FOR THE FIRST QUARTER ENDED MARCH 31, 2017

No. of pages 13

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This report includes unaudited consolidated financial information of Corral Petroleum Holdings AB (publ) (“Corral Petroleum Holdings”) and its consolidated subsidiaries, for the first quarter of 2017, the comparative period in 2016 and for the other periods indicated. Note that due to the rounding of figures in the tables to the nearest SEK million, the sum is not always exactly equal to the sum of all components.

### Financial highlights – First Quarter 2017

- Sales revenue for the first quarter of 2017 amounted to 18,159 MSEK compared to 11,726 MSEK in the first quarter of 2016.
- EBITDA<sup>1</sup> for the first quarter of 2017 amounted to 1,429 MSEK compared to 1,022 MSEK in the first quarter of 2016.
- Adjusted EBITDA<sup>1</sup> for the first quarter of 2017 amounted to 1,184 MSEK compared to 873 MSEK in the first quarter of 2016.
- Operating profit for the first quarter of 2017 amounted to 1,182 MSEK compared to 775 MSEK in the first quarter of 2016.
- Net profit for the first quarter of 2017 amounted to 728 MSEK compared to a net profit 395 MSEK in the first quarter of 2016.
- Cash flow from operating activities for the first quarter of 2017 was 1,227 MSEK compared to cash flow from operating activities of 2,650 MSEK in the first quarter of 2016.
- Weighted refining margin for the first quarter of 2017 was 5.49 \$/bbl compared to 4.01 \$/bbl in the first quarter of 2016.

<b>MSEK</b>	<b>Jan 1 - Mar 31</b>		<b>Full year</b>
	<b>2017</b>	<b>2016</b>	<b>2016</b>
Sales revenue	18,159	11,726	56,041
Gross profit	1,451	1,035	5,112
EBITDA <sup>1</sup>	1,429	1,022	4,800
Adjusted EBITDA <sup>1</sup>	1,184	873	3,399
Operating profit	1,182	775	3,800
Profit/loss before taxes	934	515	-291
Net profit/loss	728	395	-631

<sup>1</sup> For a reconciliation of our EBITDA and EBITDA to Adjusted EBITDA, please see the financial statements section on page 13.

Key indicators

	Jan 1 - Mar 31		Full year
	2017	2016	2016
Weighted refining margin, \$/bbl	5.49	4.01	4.53
Average Brent Dated crude oil, \$/bbl	54	34	44
Feedstock throughput, thousand bbls	30,776	29,392	115,072
Average exchange rate SEK/USD	8.93	8.46	8.56
Closing exchange rate SEK/USD	8.93	8.15	9.10

**Market Overview – First Quarter 2017**

During the first quarter of 2017, the price of Dated Brent traded in a range between 49 \$/bbl to 56 \$/bbl. The market was quite stable with the price of Dated Brent Crude remaining at around 55 \$/bbl until March at which point uncertainty began to grow regarding the extent to which reduced production from OPEC and Russia had actually reduced global stock levels. The price fell to 49 \$/bbl in the middle of March but climbed back up to 52 \$/bbl by the end of the quarter.

The average price in the first quarter 2017 was 54 \$/bbl, compared to an average price of 49 \$/bbl in the fourth quarter 2016. In the first quarter of 2016 the average price was 34 \$/bbl.

The average price differential for Russian crude oil (“Urals”) versus Dated Brent was -2.1 \$/bbl in the first quarter of 2017, compared to -2.2 \$/bbl in the fourth quarter of 2016 and -2.7 \$/bbl in the first quarter of 2016. Urals traded in a range between -1.7 \$/bbl and -2.7 \$/bbl. Demand was the strongest during the second half of January but when refinery maintenance increased later in the quarter demand weakened and the differential fell below -2,5 \$/bbl.

European refining margins were stable at a healthy level during the first quarter of 2017, although somewhat lower than the fourth quarter of 2016. The support for the margins came mainly from the strong demand globally for gasoline reducing the gasoline inventory levels and from the unusual strength in fuel oil. The continued well supplied crude oil market kept the differentials versus Dated Brent on the weak side which also supports the margins.

The average gasoline margin versus Dated Brent was 12 \$/bbl in the first quarter of 2017, compared to 11 \$/bbl in the fourth quarter of 2016. In the first quarter of 2016 the average gasoline margin was 14 \$/bbl. The global demand growth for gasoline has reduced the inventory levels of gasoline. However, the levels are still high compared to the first quarter of 2016.

The average diesel margin versus Dated Brent weakened to 11 \$/bbl, compared to 13 \$/bbl in the fourth quarter of 2016. In the first quarter of 2016 the average diesel margin was 9 \$/bbl. Global diesel demand growth has not been enough to balance the market, following the mild winter in important markets which reduced demand growth. The margins are not as depressed as in the beginning of 2016 but global inventory levels remain high.

The average margin for high sulphur fuel oil versus Dated Brent was stable during the first quarter of 2017. The high sulphur fuel oil margin was on average -8 \$/bbl, unchanged from the fourth quarter of 2016. The margin was -12 \$/bbl in the first quarter of 2016. Limited supply and good demand kept the margin versus Dated Brent at stronger levels than typically seen for this product.

## Sales and Results – First Quarter 2017

Sales revenue in the first quarter of 2017 amounted to 18,159 MSEK compared to 11,726 MSEK in the first quarter of 2016, an increase of 6,433 MSEK. The increase in sales revenue is primarily a result of higher crude and product prices as well as higher sales volumes compared to the comparable period for 2016.

Operating profit for the first quarter of 2017 amounted to a profit of 1,182 MSEK, an increase of 407 MSEK, compared to 775 MSEK for the first quarter of 2016. In the first quarter of 2017 we experienced higher margins and increased production volumes compared to the first quarter of 2016. The fuel oil margin has been at a historically high level throughout the quarter and the diesel margin has consistently been at a higher level than in the comparable period for 2016. The exchange rate for krona against the dollar fell in the first quarter of both 2017 and 2016, reducing the result with -16 MSEK in 2017 compared to -65 MSEK in 2016.

## Segment reporting

The Group divides its business into two segments – Supply & Refining and Marketing. The sales revenue and operating profit for both of these segments are shown below. In the below table, exchange rate differences included in operating profit/loss consist of foreign exchange gains or losses related to our inventory and our trade payables/receivables. Other expenses consist mainly of administrative and personnel-related expenses in our corporate cost center.

### Sales Revenue

	<b>Jan 1 - Mar 31</b>		<b>Full year</b>
<b>MSEK</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
Supply & Refining	17,611	11,258	53,808
Marketing	4,232	3,073	14,776
Exchange rate differences	-27	-23	95
Group eliminations	-3,658	-2,582	-12,638
<b>Total Sales Revenue</b>	<b>18,159</b>	<b>11,726</b>	<b>56,041</b>

### Operating profit

	<b>Jan 1 - Mar 31</b>		<b>Full year</b>
<b>MSEK</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
Supply & Refining	1,229	847	3,779
Marketing	119	128	590
<b>Total Segment Operating profit</b>	<b>1,348</b>	<b>976</b>	<b>4,369</b>
Exchange rate differences	-16	-65	122
Other expenses	-150	-136	-691
<b>Total Operating profit</b>	<b>1,182</b>	<b>775</b>	<b>3,800</b>

### Supply & Refining

Our Supply & Refining segment reported an operating profit of 1,229 MSEK for the first quarter of 2017, an increase of 382 MSEK, compared to 847 MSEK for the first quarter of 2016. The weighted refining margin increased to 5.49 \$/bbl for the first quarter of 2017 compared to 4.01 \$/bbl for the first quarter of 2016. The price gain in inventory reported in the first quarter of 2017 amounted to 261 MSEK compared to a price gain in inventory of 214 MSEK in the first quarter of 2016. Excluding price effects, operating profit amounted to a profit of 968 MSEK in the first quarter of 2017, an increase of 334 MSEK, compared to 634 MSEK in the first quarter of 2016.

The refineries in Lysekil and Gothenburg had good operational performance and high utilization in the first quarter of 2017 with a throughput of 4.9 (4.7) million m<sup>3</sup>.

### Marketing

Our Marketing segment reported an operating profit of 119 MSEK for the first quarter of 2017 compared to 128 MSEK for the first quarter 2016, a decrease of 9 MSEK. The decrease in operating profit is mainly attributable to higher selling expenses compared to the first quarter in the previous year. Sales volumes were 4% higher in the first quarter of 2017 compared to the first quarter of the previous year.

### **Depreciation**

Total depreciation in the first quarter of 2017 amounted to 246 MSEK compared to 247 MSEK in the first quarter of 2016.

### **Financing**

Financial net for the first quarter of 2017 decreased by 11 MSEK to an expense of -249 MSEK compared to an expense of -260 MSEK for the first quarter of 2016. Other financial net was positively impacted by exchange rate gains and amounted to 101 MSEK for the first quarter of 2017 compared to 133 MSEK for the same period in 2016.

Total interest expense for the first quarter of 2017 amounted to 351 MSEK compared to 394 MSEK for the same period in 2016 of which depreciation of loan expenditures amounted to 41 MSEK for the first quarter in 2017 compared to 44 MSEK in the same period in 2016. Cash interest paid was 48 MSEK for the first quarter of 2017 compared to 45 MSEK for the first quarter of 2016.

### **Cash flow**

Profit before taxes, amounted to 934 MSEK for the first quarter of 2017 compared to profit before taxes of 515 MSEK for the same period in 2016, an increase of 419 MSEK. Cash flow from operating activities amounted to 1,227 MSEK for the first quarter of 2017 compared to cash flow from operating activities of 2,650 MSEK for in 2016, a decrease of 1,423 MSEK. Adjustments for non-cash items had a positive impact of 565 MSEK for the first quarter of 2017 compared to a negative 69 MSEK for the same period in 2016, an increase of 634 MSEK. Please refer to page 10 for further specification of items not included in cash flow.

Taxes paid amounted to -2 MSEK in 2017 compared to 0 MSEK in 2016.

Cash flow was negatively impacted by movements in working capital of 270 MSEK for the first quarter of 2017 compared to a positive impact of 2,204 MSEK for the first quarter of 2016. Cash flow used in inventories amounted to 66 MSEK for the first quarter of 2017, primarily due to the increase in the price of crude oil. In the first quarter of 2016 cash flow from inventories amounted to 883 MSEK. Cash flow from operating receivables amounted to 320 MSEK for the first quarter of 2017, primarily due to an increase in sales. In the first quarter of 2016 cash flow from operating receivables amounted to 265 MSEK. Cash flow used in operating liabilities for the first quarter of 2017 amounted to 523 primarily due to the increase in the price of crude oil. For the same period in 2016 cash flow from operating liabilities amounted to 1,057 MSEK.

Cash flow used in investing activities in 2017 amounted to 403 MSEK, an increase of 172 MSEK, compared to 231 MSEK for the first quarter of 2016.

Cash flow used in financing activities amounted to 1,017 MSEK for the first quarter of 2017 compared to cash flow used in financing activities of 2,718 MSEK for the first quarter of 2016. Cash flow used in financing activities is attributable to (net) repayment of loans under Preem's revolving credit facility as a consequence of the positive cash flow from operating activities.

### **Income taxes**

Income tax expense for the first three months ended March 31, 2017 were 206 MSEK, an increase of 85 MSEK compared to 120 MSEK in the same period in 2016. The increase was attributable to the higher operational results in the three months ended March 31, 2017. The effective tax rate was 22% for the first three months ending March 31, 2017, compared to 23% for the three months ending March 31, 2016.

### **Financial Debt**

On March 31, 2017, the Group's financial net debt amounted to 14,798 MSEK, compared to 14,882 MSEK as of the first quarter 2016, a decrease of 84 MSEK. The decrease in financial net debt was mainly a consequence of the positive cash flow from operating activities, as well as the net effect of continued revaluation caused by the strengthening of the SEK against the USD. The financial debt consisted primarily of Corral Petroleum Holdings' PIK toggle Senior Notes due 2021, subordinated shareholder notes, a subordinated shareholder loan (described below) and Preem's Credit Facility. Cash and cash equivalents amounted to 834 MSEK at March 31, 2017, an increase of 710 MSEK, compared to 124 MSEK at the first quarter 2016. A breakdown of the Group's financial debt as of March 31, 2017 is included in the financial statements section on page 13.

### **Corral Petroleum Holdings AB (publ)**

Corral Petroleum Holdings AB (publ) is wholly owned by Moroncha Holdings Co. Ltd and is the Parent Company of the Corral Petroleum Holdings Group. Corral Petroleum Holdings incurred losses before taxes of 210 MSEK for the first quarter of 2017 compared to 189 MSEK for the first quarter of 2016.

Shareholder equity as at March 31, 2017 amounted to 133 MSEK compared to 296 MSEK as of December 31, 2016. Corral Petroleum Holdings had outstanding shareholder loans of 299 MUSD and 12 MEUR (2,780 MSEK) as at March 31, 2017. The shareholder loans are subordinated and carry a non-cash interest rate of 5% per annum. The interest expense related to the shareholder loans is paid in kind semi-annually. Corral Petroleum Holdings had outstanding subordinated shareholder notes of 81 MUSD and 182 MEUR (2,466 MSEK) as at March 31, 2017. The subordinated shareholder notes carry a non-cash interest rate of 10% per annum. The interest expense related to the subordinated shareholder notes is paid in kind each quarter.

In January Corral Petroleum Holdings AB paid an interest payment on the Senior Notes in cash of 451 MSEK, which was financed by upstreamed excess cash from Preem in December 2016.

### **Recent Developments**

OPEC has decided to extend the previously announced production cut for a further period of nine months, beginning July 1, 2017. Longer term, for 2018 and onwards, the global inventory balances look better for OPEC, although much will depend on US crude inventories and the performance of US shale oil production which is growing consistently and could increase by as much as 1 million barrels a day in 2018.

US crude production is increasing faster than local refining, and is leading to a growing rise in US crude exports. OPEC production cutbacks are mainly affecting Asian refiners, and as a consequence, Asian refiners have been seeking crude supplies from the west. US producers have been able to provide these volumes, which has been a contributing factor to the recent soft global crude price market.

After planned maintenance activities the Gothenburg refinery returned to full capacity in early April and has been running with high throughput since then. The Lysekil refinery shut down selected units for planned routine maintenance during April and May. All units except the fluid catalytic cracking unit, (“FCC”) in the Lysekil refinery are now back in operation. All mechanical work on the FCC is completed and start-up is ongoing.

Preem continues to develop the commercial activities in Norway. On May 8, 2017 we announced that we have agreed with YX Norge to acquire its bulk sales business in Norway. The transaction consists mainly of sales agreements with 15 resellers and approximately 600 direct customers, with the acquired business currently generating approximately 200,000 m<sup>3</sup> of annual fuel sales.

The acquisition is expected to be closed during the second half of this year. As part of this transaction Preem and YX Norge also expect to enter into nationwide depot throughput and fuel supply agreements. In combination with existing activities, including a card co-operation with YX which is expected to become operational in the first half of this year, Preem expects total annual sales volumes in Norway of approximately 400,000 m<sup>3</sup>.

Preem has continued to purchase put options in accordance with its strategy to protect its balance sheet and cash flow. Current option positions have an average strike price of 36 \$/bbl with expiry in September.

On March 31, 2017 Preem satisfied one of the required tests under the Credit Facilities to upstream excess cash to Corral Petroleum Holdings in June for the July 1, 2017 scheduled interest payment on the 2021 Notes. The other test under the Credit Facilities, to determine minimum liquidity, was satisfied as of May 29, 2017.

### **Risk factors**

For information on risks relating to our business and our capital structure, please see Corral Petroleum Holdings' Annual Report 2016, available at <http://www.preem.se/en/in-english/investors/corral/>

### **Accounting principles and legislations**

The consolidated financial information in this report has been prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 "Interim Financial Reporting". The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended December 31, 2016. For further information regarding accounting principles applied, please see Corral Petroleum Holdings Annual Report 2016, available at <http://www.preem.se/en/in-english/investors/corral/>

### **Additional information**

An international conference call for investors and analysts will be held on June 1 2017 at 3:00 pm CET. The call-in number is +46 8 5052 0110 meeting code: Preem.

The report for the second quarter and six months ending June 30, 2017 will be released on August 29, 2017.

London, May 30, 2017  
On behalf of the Board of Directors

Richard Öhman  
Managing Director

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**CONDENSED CONSOLIDATED INCOME STATEMENTS**

MSEK	Jan 1 - Mar 31		Full year 2016	Rolling 12 Months Apr 1 - Mar 31	
	2017	2016		2017	2016
Net sales	20,637	14,061	66,225	72,801	70,868
Excise duties	-2,478	-2,335	-10,184	-10,328	-9,735
Sales revenue	18,159	11,726	56,041	62,473	61,133
Cost of goods sold	-16,707	-10,691	-50,929	-56,946	-57,202
<b>Gross profit</b>	<b>1,451</b>	<b>1,035</b>	<b>5,112</b>	<b>5,528</b>	<b>3,931</b>
Selling expenses	-195	-184	-820	-831	-818
Administrative expenses	-176	-162	-813	-826	-801
Other operating income	102	86	321	337	340
<b>Operating profit</b>	<b>1,182</b>	<b>775</b>	<b>3,800</b>	<b>4,208</b>	<b>2,652</b>
Interest income	2	1	6	7	124
Interest expense	-351	-394	-1,560	-1,518	-1,563
Other financial, net	101	133	-2,536	-2,568	-449
Net financial items	-249	-260	-4,090	-4,079	-1,888
<b>Profit/Loss before taxes</b>	<b>934</b>	<b>515</b>	<b>-291</b>	<b>128</b>	<b>764</b>
Taxes	-206	-120	-340	-425	-421
<b>Net profit/loss for the year</b>	<b>728</b>	<b>395</b>	<b>-631</b>	<b>-297</b>	<b>343</b>
<b>Attributable to:</b>					
Parent Company's shareholder	728	395	-631	-297	343
Non-controlling interests	-	-	-	-	-
	<b>728</b>	<b>395</b>	<b>-631</b>	<b>-297</b>	<b>343</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME:**

	Jan 1 - Mar 31		Full year 2016	Rolling 12 Months Apr 1 - Mar 31	
	2017	2016		2017	2016
Net profit/loss for the year	728	395	-631	-297	343
Other income	0	-	-59	-59	55
<b>Comprehensive income</b>	<b>728</b>	<b>395</b>	<b>-690</b>	<b>-356</b>	<b>398</b>
<b>Attributable to:</b>					
Parent Company Shareholder	728	395	-690	-356	398
Non-controlling Shareholders	-	-	-	-	-
	<b>728</b>	<b>395</b>	<b>-690</b>	<b>-356</b>	<b>398</b>

**CONDENSED CONSOLIDATED BALANCE SHEETS**

<b>MSEK</b>	<b>March 31 2017</b>	<b>March 31 2016</b>	<b>December 31 2016</b>
<b>ASSETS</b>			
Goodwill and other intangible assets	619	425	568
Property, plant and equipment	8,800	8,494	8,705
Financial non-current assets	266	1,943	243
<b>Total non-current assets</b>	<b>9,685</b>	<b>10,862</b>	<b>9,516</b>
Inventories	8,522	5,445	8,452
Trade receivables	3,475	3,231	3,892
Other receivables	584	542	572
Prepaid expenses and accrued income	444	325	371
Cash and cash equivalents <sup>1</sup>	834	124	1,030
<b>Total current assets</b>	<b>13,860</b>	<b>9,667</b>	<b>14,316</b>
<b>Total assets</b>	<b>23,545</b>	<b>20,529</b>	<b>23,833</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	1	1	1
Other paid-in capital	7,828	6,728	7,828
Retained loss	-7,870	-7,514	-8,598
	-41	-785	-769
Non-controlling interests	0	0	0
<b>Total equity</b>	<b>-41</b>	<b>-785</b>	<b>-769</b>
Financial debts	14,798	14,882	15,749
Provision for deferred taxes	12	0	36
Other provisions	166	51	168
Trade payables	2,613	2,226	2,695
Other liabilities	1,881	1,458	1,544
Accrued expenses and deferred income	4,116	2,698	4,410
<b>Total liabilities</b>	<b>23,585</b>	<b>21,314</b>	<b>24,602</b>
<b>Total equity and liabilities</b>	<b>23,545</b>	<b>20,529</b>	<b>23,833</b>

<sup>1)</sup> 448 MSEK (42 MEUR and 52 MSEK) segregated account

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

<b>MSEK</b>	<b>Jan 1 - Mar 31</b>		<b>Full year</b>	<b>Rolling 12 Months</b>	
	<b>2017</b>	<b>2016</b>	<b>2016</b>	<b>Apr 1 - Mar31</b>	<b>2016</b>
<b>Operating activities</b>					
Profit/loss before taxes	934	515	-291	128	764
Adjustments for items not included in cash flow <sup>1)</sup>	565	-69	4,075	4,708	2,209
	1,499	446	3,784	4,837	2,973
Taxes paid	-2	0	0	-1	-1
	1,497	446	3,784	4,835	2,972
Decrease(+)/Increase(-) in inventories	-66	883	-2,129	-3,078	2,534
Decrease(+)/Increase(-) in operating receivables	320	265	-426	-372	403
Decrease(-)/Increase(+) in operating liabilities	-523	1,057	3,058	1,479	-1,501
Cash flow from operating activities	1,227	2,650	4,287	2,864	4,409
<b>Investing activities</b>					
Capital expenditure of intangible assets	-51	-34	-176	-194	-37
Capital expenditure of property, plant and equipment	-342	-198	-1,171	-1,316	-949
Disposal of property, plant and equipment	0	0	0	0	7
Decrease(+)/Increase(-) in financial assets	-10	0	-8	-18	5
Cash flow used in investing activities	-403	-231	-1,356	-1,528	-974
	824	2,419	2,931	1,336	3,435
<b>Financing activities</b>					
New loans	557	465	11,367	11,459	5,493
Repayment of loans	-1,574	-3,183	-13,024	-11,416	-9,045
Loan expenditures	0	0	-679	-679	0
Cash flow used in financing activities	-1,017	-2,718	-2,336	-636	-3,552
<b>CASH FLOW FOR THE PERIOD</b>					
Opening cash and cash equivalents	1,030	422	422	124	241
Effect of exchange rate fluctuations on cash and cash equivalents	-2	0	12	10	0
<b>Cash and cash equivalents at the end of the period</b>	<b>834</b>	<b>124</b>	<b>1,030</b>	<b>834</b>	<b>124</b>

<sup>1)</sup> **Specification of items not included in cash flow**

Depreciation of property, plant and equipment	246	247	1,001	1,000	986
Write-down of inventory (+)/Reversed inventory	-4	-444	-439	1	-8
Gain on sale of fixed assets	1	2	12	10	14
Unrealized losses(+)/gains(-) on derivatives	31	0	0	31	-4
Unrealized exchange losses(+)/gains(-)	29	-44	-16	57	-965
Unrealized exchange losses(+)/gains(-) from financing activities	-34	-166	605	737	-75
Capitalized loan expenditures deferred as interest expenses	41	44	254	250	177
Capitalized interest cost financial debt	269	227	1,125	1,168	1,063
Provision for doubtful receivables CMGO	-	-	1,567	1,567	946
Others	-15	65	-33	-113	75
	<b>565</b>	<b>-69</b>	<b>4,075</b>	<b>4,708</b>	<b>2,209</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

<b>MSEK</b>	<b>Share capital *)</b>	<b>Other paid-in capital</b>	<b>Retained earnings</b>	<b>Total</b>	<b>Non-controlling interest</b>	<b>Total equity</b>
<b>Opening equity January 1, 2016</b>	<b>1</b>	<b>6,228</b>	<b>-7,908</b>	<b>-1,679</b>	<b>0</b>	<b>-1,679</b>
Net profit	-	-	395	395	0	395
Other comprehensive income <sup>1</sup>	-	-	-	0	0	0
Total comprehensive loss	-	-	395	395	0	395
Shareholder contribution received	-	500	-	500	0	500
<b>Closing equity March 31, 2016</b>	<b>1</b>	<b>6,728</b>	<b>-7,514</b>	<b>-785</b>	<b>0</b>	<b>-785</b>
<b>Opening equity January 1, 2017</b>	<b>1</b>	<b>7,828</b>	<b>-8,598</b>	<b>-769</b>	<b>0</b>	<b>-769</b>
Net profit	-	-	728	728	0	728
Other comprehensive loss <sup>1</sup>	-	-	0	0	0	0
Total comprehensive profit	-	-	728	728	0	728
Shareholder contribution received	-	-	-	0	0	0
<b>Closing equity March 31, 2017</b>	<b>1</b>	<b>7,828</b>	<b>-7,870</b>	<b>-41</b>	<b>0</b>	<b>-41</b>

\*) 5,000 shares were issued with a par value of 100 SEK.

<sup>1</sup> Evaluation of pensions obligations according to IAS 19.

**STATEMENT OF CHANGES IN EQUITY - PARENT COMPANY**

<b>MSEK</b>	<b>Share capital *)</b>	<b>Restricted reserves</b>	<b>Unrestricted reserves</b>	<b>Total equity</b>
<b>Opening equity January 1, 2017</b>	<b>1</b>	<b>-</b>	<b>296</b>	<b>296</b>
Shareholder contribution received	-	-	-	0
Net loss	-	-	-164	-164
<b>Closing equity March 31, 2017</b>	<b>1</b>	<b>-</b>	<b>132</b>	<b>133</b>

\*) 5,000 shares were issued with a par value of 100 SEK.

**CONDENSED INCOME STATEMENT - PARENT COMPANY**

MSEK	Jan 1 - Mar 31		Full year
	2017	2016	2016
<b>Operating loss</b>	<b>-1</b>	<b>0</b>	<b>1</b>
Profit from investment in Group companies		-	614
Financial net	-209	-189	-1,722
<b>Loss before taxes</b>	<b>-210</b>	<b>-189</b>	<b>-1,107</b>
Taxes	46	43	-234
<b>Net loss</b>	<b>-164</b>	<b>-147</b>	<b>-1,341</b>

**CONDENSED BALANCE SHEET - PARENT COMPANY**

MSEK	March 31	March 31	December 31
	2017	2016	2016
<b>ASSETS</b>			
Participation in Group Companies	10,028	9,866	10,028
Deferred tax	854	1,085	808
Other receivables	1	1	1
Cash and cash equivalents <sup>1</sup>	452	6	907
<b>Total assets</b>	<b>11,335</b>	<b>10,957</b>	<b>11,744</b>
<b>EQUITY AND LIABILITIES</b>			
Restricted equity	1	1	1
Non-restricted equity	132	390	296
<b>Total equity</b>	<b>133</b>	<b>391</b>	<b>296</b>
Shareholder loans	2,780	3,403	2,829
Bond loans, subordinated notes	2,466	2,117	2,422
Bond loans, senior notes	5,692	4,764	5,688
Loan from subsidiary	55	55	55
Other short term liabilities	210	227	453
<b>Total liabilities</b>	<b>11,202</b>	<b>10,567</b>	<b>11,447</b>
<b>Total equity and liabilities</b>	<b>11,335</b>	<b>10,957</b>	<b>11,744</b>

<sup>1)</sup> 448 MSEK (42 MEUR and 52 MSEK) segregated account

## Reconciliation of operating profit to EBITDA and EBITDA to Adjusted EBITDA

We define Adjusted EBITDA as EBITDA adjusted to exclude inventory gains and losses and foreign currency gains and losses and reflect the adjustments permitted in calculating covenant compliance under Preem's 2011 Credit Facility. The following table presents a reconciliation of EBITDA to Adjusted EBITDA.

### RECONCILIATION OF OPEATING PROIFIT TO EBITDA AND EBITDA TO ADJUSTED EBITDA

MSEK	Jan 1 - Mar 31		Full year 2016	Rolling 12 months 1 Apr - Mar 31	
	2017	2016		2017	2016
<b>Operating profit</b>	<b>1,182</b>	<b>775</b>	<b>3,800</b>	<b>4,208</b>	<b>2,652</b>
Depreciation	246	247	1,001	1,000	986
<b>EBITDA</b>	<b>1,429</b>	<b>1,022</b>	<b>4,800</b>	<b>5,207</b>	<b>3,638</b>
Add back:					
Inventory price gains(-)/losses(+)	-261	-214	-1,279	-1,326	1,033
Foreign currency gains(-)/losses(+)	16	65	-122	-171	364
<b>Adjusted EBITDA</b>	<b>1,184</b>	<b>873</b>	<b>3,399</b>	<b>3,710</b>	<b>5,035</b>

Adjusted EBITDA is a non-IFRS measure. We present Adjusted EBITDA in this report because we believe that it and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. Our Adjusted EBITDA may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. In particular, Adjusted EBITDA is not a measurement of our performance or liquidity under IFRS and should not be considered as an alternative to operating profit or net profit or any other performance measures derived in accordance with IFRS or any other generally accepted accounting principles or as alternatives to cash flow from operating, investing or financing activities.

### Financial debt breakdown

MSEK	March 31		Full year 2016
	2017	2016	
Revolving credit facility <sup>1</sup>	4,209	3,845	5,080
Term loan	-	553	-
Bank overdraft	-	251	103
Transaction expenses	-367	-75	-392
Other liabilities, interest bearing	19	18	19
<b>Total Financial Debt - Preem</b>	<b>3,861</b>	<b>4,592</b>	<b>4,810</b>
Senior Notes <sup>2</sup>	5,941	4,801	5,953
Transaction expenses	-250	-33	-265
Subordinated Notes	2,466	2,117	2,422
Other loans from shareholder	2,780	3,403	2,829
<b>Total Financial Debt - Corral</b>	<b>10,937</b>	<b>10,289</b>	<b>10,939</b>
<b>Total Financial Debt - Group</b>	<b>14,798</b>	<b>14,882</b>	<b>15,749</b>
Cash and cash equivalents <sup>3</sup>	-834	-124	-1,030
<b>Total Financial Net Debt</b>	<b>13,963</b>	<b>14,758</b>	<b>14,719</b>
<b>Leverage ratio<sup>4</sup></b>	<b>2.5</b>	<b>1.9</b>	<b>3.0</b>

<sup>1</sup> None is due within 12 months as at March 31, 2017

<sup>2</sup> New notes from May 9<sup>th</sup> 2016

<sup>3</sup> 448 MSEK (42 MEUR and 52 MSEK) segregated account

<sup>4</sup> Transaction expenses are excluded in the leverage ratio.